



**PUBLIC ENTERPRISES  
REPUBLIC OF SOUTH AFRICA**

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**The Honourable AN Masondo, MP**  
Chairperson: National Council of Provinces  
PO Box 15  
CAPE TOWN  
8000

Dear Honourable Chairperson

**Re: UNDERTAKINGS MADE AT THE NCOP PLENARY, 24 MAY 2023**

Your letter dated 26 June 2023 bears reference.

Please receive my response below to the undertakings.

- (a) **“There are measures being put in place to upgrade the current transmission grid whilst at the same time looking at the investment that is required in expanding the transmission grid”.**

**Upgrading the transmission grid:**

Measures have been put in place to upgrade the current transmission grid. Projects have been released; some are being developed, while others are currently being constructed. Eskom has identified a few step change initiatives that are due to be fully achieved by July 2024, such as:

- Prequalifying additional international factories to supply the largest transformers.
- Identifying and developing additional fabricated steel suppliers.
- Establishing an Owner's Engineer panel.
- Establishing Engineer, Procure & Construct (EPC) or “turnkey” panels.
- Incubating additional construction contractors.

**Investment in expanding the transmission grid:**

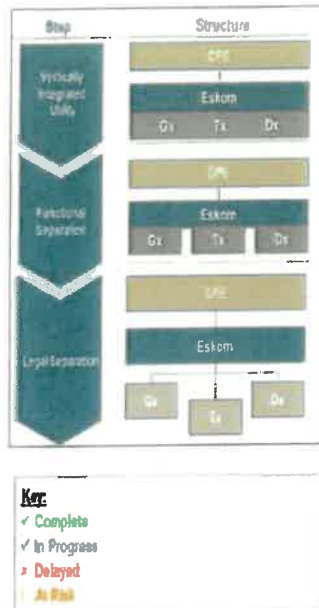
Investment has been secured as reflected in the Eskom Corporate Plan, for the years 2023 – 2026, based on the government debt relief facility. Discussions about financing the program beyond are underway as the new National Transmission Company South Africa (NTCSA) is formed. The preference is to continue to finance using the NTCSA balance sheet.

- (b) **“Eventually, there will be a generation component, transmission component and distribution component and a new holding structure within Eskom itself”.**

Eskom, through its transformation programme, has been implementing the Department of Public Enterprises (“the DPE”) Roadmap for Eskom in a Reformed Electricity Supply Industry, aimed at separating Eskom into three entities.

In July 2022, the Eskom board approved a revised timeline for separation, the execution of stakeholder and communication plans to support the adoption and communication of the revised timelines. The revised timelines reflect the different phases of legal separation achievable based on underlying actions required by government.

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Phase	High Level Roadmap Description	Roadmap Timeline	Status
0	Divide Eskom into three divisions: Generation, Transmission and Distribution	Mar 2020	✓
1	Completion of "Functional Separation" Transfer of Eskom's Generation and Distribution	Mar 2021 Mar 2021	✓
2	Unbundling Transmission	Dec 2021	<ul style="list-style-type: none"> <li>Establish Subsidiary: 31 Mar 2021 (PFMA 1) ✓</li> <li>Corporate: 31 Dec 2021 ✓</li> <li>Operational: 31 Oct 2021 ✓</li> <li>Commence trading: 1 Apr 2021 ✓</li> </ul>
3	Unbundle Distribution	Dec 2022	<ul style="list-style-type: none"> <li>Establish Subsidiary: 31 Oct 2022 (PFMA 1) ✓</li> <li>Corporate: Mar 2023 *** (subject to PFMA 2 approval) ⚠</li> <li>Operational: Mar 2023 *** (subject to PFMA 2 approval) ⚠</li> <li>Commence trading: Apr 2023 *** (subject to PFMA 2 approval) ⚠</li> </ul>
4	Establish New Trading Company (MerCo)	2024/2025	✓
5	Unbundle Generation	Dec 2022	Subject to MerCo ✓

(c) "The National Treasury (NT) including ourselves and others, are looking at the support package that will ensure that municipalities [Interjections]....to see how municipalities can be assisted".

- 1) Eskom is currently engaging with NT to finalise the implementation plan relating to the Municipal Debt Relief Support Programme. The implementation plan will be aligned to Circular 124 which was approved and published on 31 March 2023.
- 2) The anticipated closing date for municipality applications is the end of September 2023.
- 3) To date, there are five municipalities approved as per NT's assessment and there are several other applications that are in the assessment process.

- (d) "In terms of the various provinces in the Western Cape, of course, Koeberg is undergoing at the moment a 20-year life extension on one of the units, and that will be followed by the second unit that will take us into the next year".**

Koeberg Power Station has applied to the National Nuclear Regulator (NNR) for a license to operate beyond the date stipulated in the current license. This application is being reviewed by the NNR to determine if the license can be amended to enable Koeberg to operate for an additional period.

In the submission to the regulator, Eskom committed to replace the steam generators on each unit. It can be confirmed that the steam generators on Unit 1 are currently being replaced. This will be followed by the replacements of the steam generators on Unit 2 in the outage that will commence soon after Unit 1 is returned to service and will continue into next year.

Eskom remains confident that the submissions and actions contained in the license application will enable the NNR to amend the current license.

- (e) "Mpumalanga will also see the recovery of the three units of Kusile that have been impacted and very soon the outstanding units to be built at Kusile and Medupi will also be coming to life within the next year or so".**

**Kusile duct replacement programme:**

Temporary stacks are being erected and the first stack (Unit 3) is 50% complete and on track for completion by November 2023. The other 2 stacks are scheduled for December 2023.

**Recovery of Medupi Unit 4:**

The recovery of Medupi Unit 4 following the hydrogen explosion in August 2021 is in progress. Eskom is following a two-pronged strategy which seeks to expedite recovery in the short-term to alleviate the burden of load shedding as well as a replacement option with new equipment in the long-term. The forecasted return to service of Medupi Unit 4 remains July 2024.

Regards,



**PJ GORDHAN, MP  
MINISTER**

**DATE: 2-08-2023**



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

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26 June 2023

**THE HONOURABLE PJ GORDHAN, MP**  
**MINISTER OF PUBLIC ENTERPRISES**  
**PRIVATE BAG X 9079**  
**PRETORIA**  
**0001**

Dear Honourable Minister

**Re: UNDERTAKINGS MADE AT THE NCOP PLENARY, 24 MAY 2023**

During the Policy debate on Budget Vote 10: Public Enterprises, the Minister made the following undertakings:

- (a) *"There are measures that are being put in place to upgrade the current transmission grid whilst at the same time looking at the investment that is required in expanding the transmission grid".*
- (b) *"Eventually, there will be a generation component, transmission component and distribution component and a new holding structure within Eskom itself".*
- (c) *"The National Treasury including ourselves and others, are looking at the support package that will ensure that municipalities ... [Interjections.] ... to see how municipalities can be assisted".*
- (d) *"In terms of the various provinces in the Western Cape, of course, Koeberg is undergoing at the moment a 20-year life extension on*

*one of the units, and that will be followed by the second unit that will take us into the next year”.*

*(e) “Mpumalanga will also see the recovery of the three units of Kusile that have been impacted and very soon the outstanding units to be built at Kusile and Medupi will also be coming to live within the next year or so”.*

In view of the above, I request the Hon. Minister to provide the NCOP with timeframes and plans, if any, within which the undertakings will be implemented, by close of business on Tuesday 4 July 2023.

For ease of reference, please find attached a copy of the Hansard records wherein the Minister made the undertakings.

Yours sincerely

  
**AN MASONDO, MP**  
**CHAIRPERSON: NATIONAL COUNCIL OF PROVINCES**

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